DATE OF SUPPLEMENT TO 25X1X REPORT NO. INFO.

- 1. The Deutsche Notenbank expects to net a pure profit of DM 73,000,000 during 1951. This figure appears in the provisional NDR budget for 1951 as anticipated income.
- 2. The provisional 1951 budget provides for a subsidy of DE 137,000,000 for the MAS (farm implement lending stations). It likewise foresees an expenditure of DI: 31,000,000 for reforestation during 1951.
- 3. The Deutsche Notenbank will provide a special credit of approximately DY 100,000,000 for the purchase of sugar in the DDR during 1951. The SKK has ordered the DDR to buy and store large quantities of sugar during the year.
- 4. The president of the Deutsche Investitionsbank is reported to favor the continuation of the present heavy export of cement and to have stated that, if the cement were allowed to be placed on the domestic market, building activity would be encouraged and increased to the extent where it would place a severe strain on the credit structure of the DDR.
- 5. The office of bax administration in the Ministry of Finance is now staffed as follows:

Chief Deputy Chief Deputy Chief Personnel Section Accounting Inspection and Instruction Taxation, VEB enterprises Taxation, private enterprises Taxation, personal income Taxation, transaction / Price Administration Central Finance Court

COUNTRY

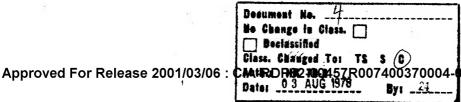
SUBJECT

PLACE ACQUIRED

> Dr. Karl Kaiser Willi Guth Ernst Mönig Fritz Baer Dr. Ernst Kaemmel Paul Geske Emil Heldt Helmut Sandig Erwin Schulz Heinrich Gabler Willi Garlin . (position open)

All appointees in the department are members of the SED.

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- 6. Director Devey of the Deutsche Notenbank board disclosed in a conversation with several officials of the DDR Ministry of Finance that the Soviet finance officer withdraws roughly M. 50,000,000 in each from the bank each month. In the bank accounting, about 25 percent of this sum is charged to the DDR budget, while 75 percent is charged to reparations. Then one member of the group remarked that this was a rather large sum to be required in each for occupation expenses. Devey replied that between M. 55,000,000 and DM 50,000,000 went to Mismut A.G. each month for payment of salarics and wages.
- 7. According to the DDR law of 8 September 1950, providing for the payment of old bank balances to the aged and physically handicapped, some DH 145,000,000 have been disbursed by the Deutsche Notenbank to agencies of the DDR. The bank is now asking that this money be paid out of the DDR annual budget. The budget committee has so far refused to accept this responsibility.
- 8. During the year 1950, the DDR budget provided for a sum of roughly DM 1,000,000,000 to cover in part the difference arising out of the currency reform at the official rate of 10 to 1 and the rate of 1 to 1 for funds converted by the STA, SED, FDGB, VEBs, etc. The Dalance of DM 60,000,000 should come out of the 1951 budget. DM 20,000,000 has already been paid. The budget for 1951 can ill afford this added strain, but the SKK is insisting that this difference be cleared up during the present year so that the currency of the DDR may be completely covered.
- 9. The proposed credit plan for the first quarter of 1951 provides for a total of DM 4,633,000,000 in short term credits as against DM 3,960,000,000 for the fourth quarter of 1950. Both the Ministry of Finance and the Deutsche Notenbank have opposed credit expansion to that extent, on the grounds that between five and six hundred million of previously granted short term credits have not been repaid and have had to be carried on special accounts by the Notenbank. The increase of nearly DM 700,000,000 in needed short term credits possibly indicates that DDR industry is less capable at present of financing its own business than it was in 1950.
- 10. The proposed investment plan for 1951 envisages a sum of Di 3,800,000,000. It is apportioned roughly as follows:

 DDR and %coal VEBs
 DM 2,300,000,000

 Soviet stock companies
 200,000,000

 The five Lander
 700,000,000

 Special projects
 500,000,000

 Roserves
 100,000,000

- 11. On 1 March 1951, the MO had short term obligations to the Deutsche Motenbank amounting to about MM 280,000,000. At present the HO is unable to reduce this obligation to any extent, because it is loaded with heavy inventories of industrial goods whose turnover has virtually ceased. This lack of sales activity is attributed to the increasing currency scarcity throughout the DDR and to the unattractive quality of MO merchandise.
- 12. In the month of February 1951, green sales of the HO in Berlin amounted to MH 73,000,000. It is estimated that between 60 and 70 percent of sales were made to West Berlin citizens.

